



General Assembly

February Session, 2000

Raised Bill No. 5852

LCO No. 2372

Referred to Committee on General Law

Introduced by:
(GL)

An Act Concerning Leased Motor Vehicles.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 1 of public act 99-278 is repealed and the
2 following is substituted in lieu thereof:

3 As used in [this act] public act 99-278 and sections 1 to 5, inclusive,
4 of this act, unless the context otherwise requires:

5 (1) "Motor vehicle" means a motor vehicle of the type and kind
6 required to be registered and titled under chapter 246 of the general
7 statutes, except a recreational vehicle, moped, motorcycle powered by
8 a motor with a displacement of fifty cubic centimeters or less or mobile
9 home.

10 (2) "Retail lessee" means a person who executes a retail lease
11 agreement for a motor vehicle from a retail lessor.

12 (3) "Retail lessor" means a person who regularly engages in the
13 business of selling or leasing motor vehicles and who offers or
14 arranges a lease agreement for a motor vehicle, including any agents or
15 affiliates acting on behalf of the retail lessor.

16 (4) "Lease agreement" means a written agreement entered into in
17 this state on or after July 1, 2000, for the transfer from a retail lessor to
18 a retail lessee of the right to possession and use of a motor vehicle
19 primarily for personal, family or household use, in exchange for
20 consideration for a scheduled term exceeding four months, whether or
21 not the retail lessee has the option to purchase or otherwise become the
22 owner of the vehicle at the expiration of the agreement. "Lease
23 agreement" does not include an absolute sale, a sale pending approval,
24 or a retail instalment sale.

25 (5) "Adjusted capitalized cost" means the capitalized cost less any
26 capitalized cost reduction payment made by the retail lessee at the
27 inception of the lease agreement and any net trade-in allowance
28 granted by the retail lessor.

29 (6) "Irregularity" means the amount or timing interval varies by
30 more than twenty-five per cent from the amount or timing interval
31 most commonly specified under the lease agreement.

32 (7) "Ending balance" means the purchase option price at the end of
33 the lease term.

34 (8) "Lease amount financed" means the adjusted capitalized cost
35 minus:

36 (A) Any lease finance charge included in it; and

37 (B) Any advance lease payment or nonrefundable security deposit
38 due on or before delivery of the motor vehicle.

39 (9) (A) "Lease finance charge" means the rent charge plus any other
40 charge payable directly or indirectly by the retail lessee and imposed
41 directly or indirectly by the retail lessor as an incident to, or condition
42 of, the lease agreement.

43 (B) "Lease finance charge" includes:

- 44 (i) An origination or acquisition charge;
- 45 (ii) A charge for assigning, servicing or carrying the lease;
- 46 (iii) Broker fees;
- 47 (iv) A disposition or pick-up charge due on lease termination;
- 48 (v) Taxes unique to leases.
- 49 (C) "Lease finance charge" does not include:
- 50 (i) Charges of a type payable in a cash purchase, such as official fees
- 51 for sales or use taxes, registration or title, or for an extended warranty
- 52 or service contract;
- 53 (ii) Charges for late payment or other delinquency or default;
- 54 (iii) A refundable security deposit;
- 55 (iv) Premiums for insurance;
- 56 (v) Charges for additional authorized mileage;
- 57 (vi) An application fee charged to all applicants whether or not a
- 58 lease agreement is consummated;
- 59 (vii) Fees prescribed by law that actually are or will be paid to
- 60 public officials for determining the existence of or for perfecting,
- 61 releasing or satisfying a security interest.
- 62 (10) "Lease rate" means the nominal annual percentage rate that
- 63 reflects the amortization of the lease amount financed to the ending
- 64 balance over the scheduled term of the lease, calculated according to
- 65 the actuarial method of allocating base periodic payments made on an
- 66 obligation between the lease finance charge and the lease amount
- 67 financed, pursuant to which a payment is applied first to the accrued
- 68 lease finance charge and the balance is applied to the unpaid lease
- 69 amount financed.

70 (11) "Good faith" means honesty in fact and observance of
71 reasonable standards of fair dealing in the trade of leasing motor
72 vehicles.

73 Sec. 2. (NEW) A lease agreement or duty in a lease agreement
74 imposes an obligation of good faith in its performance and
75 enforcement.

76 Sec. 3. (NEW) In any civil action concerning enforcement of a lease
77 agreement:

78 (1) If the trier of fact finds the lease agreement or any of its terms to
79 be unconscionable, the court may refuse to enforce the lease
80 agreement, may enforce the lease agreement without the
81 unconscionable term or may limit the application of an unconscionable
82 term to avoid an unconscionable result;

83 (2) If the trier of fact finds that the lease agreement or a term in the
84 lease agreement was induced by unconscionable conduct or that
85 unconscionable conduct has occurred in the collection of a claim
86 arising from the lease, the court may grant appropriate relief;

87 (3) If the trier of fact finds in favor of a retail lessee due to an
88 unconscionable action by the retail lessor, the court shall award
89 reasonable attorney's fees to the retail lessee.

90 Sec. 4. (NEW) (a) A term not negotiated for, that a reasonable retail
91 lessee involved in a leased motor vehicle transaction would not expect
92 to find in a lease agreement, is not enforceable.

93 (b) A term in a lease agreement that attempts to exclude or modify
94 an implied warranty of merchantability or fitness or to exclude or
95 modify a remedy for breach of such warranties is not enforceable.

96 Sec. 5. (NEW) Prior to a retail lessee signing a lease agreement, with
97 a retail lessor, the retail lessor shall make the disclosures specified in
98 the Consumer Credit Protection Act (15 USC 1667), as amended from

99 time to time, and Regulation M, 12 CFR Part 213, as amended from
100 time to time, promulgated by the Board of Governors of the Federal
101 Reserve System pursuant to said act, regardless of whether the lease
102 agreement is subject to said act.

GL ***Committee Vote:*** Yea 15 Nay 0 JF

JUD ***Committee Vote:*** Yea 26 Nay 0 JF